

5.600. ELECTRIC SERVICE EXTENSION POLICY

5.601. Purpose

This Rule implements the legislative mandate of 30 V.S.A. § 209(b)(1)(B).

5.602. Applicability

This Electric Service Extension Policy shall apply to all single-phase and multi-phase distribution service extensions by Vermont electric utilities (as defined by 30 V.S.A. §§ 201 and 203). All such utilities shall revise their tariffs to conform to these rules. These rules shall supercede any utility tariff provision determined to conflict with these rules.

5.603. Definitions

(a) Application fee: the fee paid by the line extension customer at the time the customer submits a written application for a line extension. The phrase "application fee" is intended to include any "engineering fee." The application fee shall not exceed \$250, unless a higher fee is specified in the utility's line extension tariff. If applicable, such a higher fee shall be based on an average of all the costs incurred by the utility for all line extensions constructed in a test year. The application fee shall be credited to the customer against the total cost of the line extension if the extension is constructed.

(b) Contributions-In-Aid-Of-Construction: the monetary contributions by a customer requesting service to an electric utility to design, furnish, place and construct such primary and secondary service extensions as are necessary to render the service requested.

(c) Conduit: the pipe that encloses and protects electric conductors in underground power installations, including necessary fittings and connectors.

(d) Customer-Owned Lines: electric service lines, at either primary or secondary voltage, extending from the Delivery Point.

(e) Delivery Point: the point at which the utility-owned facilities first connect to the customer-owned facilities. Each utility's line extension tariff shall specifically identify the typical Delivery Point for each type of electric service that it provides and shall state how the Delivery Point may be determined for specific situations in which the actual Delivery Point differs from the typical Delivery Point.

(f) Looped Electric Utility Service: electric service provided to a customer from a distribution line which receives, or is capable of receiving, its electric supply from both directions of the distribution line.

(g) Primary Line: an electric distribution line operating at greater than 600 volts.

(h) Secondary line: an electric distribution line operating at 600 volts or less.

(i) Service Drop: includes a 100-foot overhead power line(s) from the initial customer connection with the utility's secondary facilities to the Delivery Point. The service drop is the minimum overhead secondary electrical connection and shall not include poles, primary wiring, right-of-way clearing or acquisition, trenching or backfilling, or any other cost item required to serve a new or relocated customer.

(j) Service Extension: the electric facilities required to connect the power line existing at the time of the request for service to the customer's premises. The service extension shall include all poles, primary wiring, secondary wiring, right-of-way acquisition and clearing, trenching and backfilling, any other one-time cost items associated with service only to that new customer, and transformer(s) and meter(s) if so provided in the utility's tariff. A Service Extension shall include the reestablishment of a previously abandoned Service Extension.

5.604 Contributions-in-Aid-of-Construction for Electric Service Extensions

Upon written application of the owner of any property, or occupant with the consent of the owner, the electric utility shall furnish, place, and construct such secondary and primary service extensions as are necessary to render the service requested. The total cost of the service extension, less any credits outlined below, shall be paid by the party requesting the service extension. This requirement is subject to the following conditions/exceptions:

(a) Line Assessment Charges: all customer charges for construction of new utility lines shall be based on the actual costs to the utility. However, a utility shall charge average costs for those elements for which average costs are specified in its tariff.

(b) Service Drop Credit: each new single-family residence or individual dwelling unit is entitled to a credit equal to the cost of the service drop(s) as defined above. However, if the cost of a line extension is less than the cost of the service drop(s) as defined above, the amount of the service drop credit shall be the same as the cost of the extension.

(c) Installation of Conduit: the additional material cost of installation of conduit for underground primary and secondary line extensions shall be shared equally between the customer and the utility. The cost of trenching and backfilling of the trench shall be the responsibility of the owner of the property.

5.605 Cost Recovery Period for Contributions-in-Aid-of-Construction

Whenever more than one customer is connected to a customer-financed line extension, total contributions-in-aid-of-construction shall be computed to yield to the utility not more than the total cost of extending or expanding service to the new customer(s), less the service drop credit(s). Amounts to be collected from new customers connecting to customer-financed lines shall be computed as follows:

(a) For a period of five (5) years from the completion of construction of a line extension, reimbursement from new customers connecting to said line to customers entitled to reimbursements shall be based upon an equal sharing of the full cost of construction of the

subject line extension, adjusted to the percentage used of that line extension to the point of connection (or other reasonable method employed by the utility to determine the cost of the portion of the line actually used).

(b) For a period of ten (10) years immediately following the initial five (5) year period discussed in (a) above, reimbursement to customers entitled to reimbursements shall be based upon an equal sharing of the full cost of construction of the subject line extension depreciated at a straight line rate to zero at the end of the ten (10) year period, also adjusted to the percentage of the line extension used to the point of connection (or other reasonable method employed by the utility to determine the cost of the portion of the line actually used).

(c) For each new transaction (defined as one or more new connections at the same time and location) involving a line that is subject to contribution-in-aid-of-construction payments for new connections within the 15-year reimbursement period, an administrative fee not to exceed \$100.00 shall be retained by the utility from the total amount to be reimbursed to customers entitled to reimbursements. If the total amount of all reimbursements owed for each transaction is less than the utility's administrative fee, no reimbursements shall be collected or distributed.

(d) All line extension reimbursements shall be paid by electric utilities to the current owners of the dwellings or structures served by line extensions that are subject to reimbursement payments for new connections, except that reimbursement payments shall be made to any customer who paid for or contributed to the costs of line extensions and who subsequently sold the dwellings or structures originally served prior to the effective date of the Board's Order of September 21, 1999, in Docket 5496.

5.606 Tax Assessments on Contributions-in-Aid-of-Construction

Customers shall be responsible for all costs of line extensions, including the actual utility tax liability from contributions-in-aid-of-construction.

5.607 Interest on Customer Funds Held by Utilities

(a) No interest shall be paid on an initial application fee.

(b) No interest shall be paid on funds received in advance of line extension construction and used for the purpose of ordering long lead time specialty items necessary for the subject line extension.

(c) With the exception of items (a) & (b) above, interest shall be paid, at the rate of 1% per month, to line extension customers on funds received in advance of construction (unless returned to the customer due to perceived delays), from sixty (60) days after the payment is received by the utility to the date of the commencement of the line extension construction.

(d) No interest shall be paid by the utility under item (c) above as a result of construction delays beyond the control of the utility.

(e) Interest to be paid on funds received more than sixty (60) days in advance of the commencement of line extension construction may be waived by customers seeking priority status for construction at a specified time as agreed to by both the customer and the utility.

5.608 Construction Standards

(a) **Minimum Standards:** All line extensions shall conform to the latest edition of the National Electrical Safety Code at a minimum; except that Cooperatives may have higher minimum standards pursuant to the requirements of the Rural Utilities Service.

(b) **Customer-Owned Lines:** As a general rule, residential customers shall not own primary lines (overhead or underground) that are installed after the effective date of this rule. In certain circumstances where the utility and customer agree that such ownership would be appropriate, the utility and the customer shall petition the Board for a waiver of this prohibition. Any such petition shall address the issue of underground damage prevention with respect to the facilities to be owned by the customer. However, no such petition shall be required for a customer to extend or connect to a line already owned by that customer.

(c) **Customer Information for Line Extensions:** To explain utility line extension policies adequately to its customers, all utilities shall develop, either individually or collectively, a comprehensive information booklet or brochure for line extension customers that fully explains its line extension policies and their rationale. This booklet shall explain that utilities will, to the extent possible, try to accommodate individual customer line extension needs, but that no deviations will be granted that will result in significant additional maintenance problems for the utility, and additional costs resulting from the accommodation will be the responsibility of the customer.

5.609 Use of Private Contractors for Line Extensions

All electric utilities shall allow customers to hire private contractors for construction of routine distribution line extensions. Utilities shall be allowed to design and monitor the construction of these lines at customer expense.

5.610 Appropriate Customer Payment of Contributions-in-Aid-of-Construction for Electric Line Relocations

For all relocated distribution lines that provide a benefit to the utility, customers who request the relocation shall reimburse electric utilities for distribution line relocations according to the following formula:

$$CP_{TAX\ ADJ.} = \text{New Line} + PV_{DEP} - SV_{EXISTING}$$

Where:

$CP_{TAX\ ADJ.}$	=	Customer Payment, adjusted for any utility tax liability
New Line	=	Total cost of relocating the line today
PV_{DEP}	=	Present value of any unrealized depreciation expense associated with the existing line
$SV_{EXISTING}$	=	Salvage Value of existing line (including line removal costs)

5.611 Change in Presumption as to Reimbursements for Contributions-in-Aid-of-Construction

The presumption regarding reimbursements for customer-financed lines shall be changed if there is a grantee/grantor relationship between the person connecting to a customer-financed line and the person who originally paid for the line to whom a reimbursement would otherwise have been due. In such cases, no reimbursement will be collected from the connecting customer or paid by the utility to the grantor.

5.612 Considerations in the Design and Siting of Line Extensions

(1) In determining the appropriate design and siting (e.g., whether roadside or off-road and overhead or underground) of electric distribution line extensions and relocations of line extensions, electric utilities shall consider: maintenance and reliability; worker and public safety; aesthetics; cost; customer, landowner and municipal preference; and environmental and land use implications.

(2) When a customer requests an electric line extension, the utility shall inform the customer in writing of customer and company rights, responsibilities and options for line extensions, including but not limited to: payment terms; easement and right-of-way information; contribution-in-aid-of-construction; basic information about design, siting and location, such as overhead or underground placement, and road-side or off-road siting; and how to contact the Vermont Department of Public Service Consumer Affairs Division by toll-free phone or in writing in the event of a dispute.

5.613 Information Regarding Line Extension Alternatives

Upon request, a retail electric distribution utility shall provide relevant information in writing, preferably brochures, with respect to off-grid electric generation solutions and options.